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SECOND MUNICIPAL DISTRICT ASSESSOR

PARISH OF ORLEANS
NEW ORLEANS, LOUISIANA

FINANCIAL REPORT

DECEMBER 31, 2005

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11/8/06

Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

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**PEPPERMAN, EMBOULAS, SCHWARTZ & TODARO
L.L.C.**

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WILLIAM G. ALY (1901-1995)
EUGENE F. MONNIER (1905-1985)
EMILE A. ALT (1910-1989)
JAMES J. GALLAGHER, JR. (1918-1989)
JACOB F. PEPPERMAN (1927-1990)
WILFRED SCHWARTZ, RETIRED
MICHAEL S. HOOK (1954-1997)
LAWRENCE A. EMBOULAS, RETIRED

ACCOUNTANT'S REVIEW REPORT

Claude T. Mauberret, Assessor
Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

We have reviewed the accompanying balance sheet of ASSESSORS OFFICE, SECOND MUNICIPAL DISTRICT, PARISH OF ORLEANS, NEW ORLEANS, LOUISIANA as of December 31, 2005, and for the year then ended, as titled in the inex, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the Second Municipal District Assessor.

A review consists principally of inquiries of the Assessor and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying basic financial statements in order for them to be in conformity with generally accepted accounting principles.

Pepperman, Emboulas, Schwartz & Todaro, L.L.C.

Metairie, Louisiana
October 26, 2006

Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

MANAGEMENTS' DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Second District Assessor's, Parish Of Orleans, New Orleans, Louisiana annual financial report, provides the Assessor's narrative discussion and analysis of the financial activities of the Assessor's Office for the year ended December 31, 2005. The discussion focuses on the Assessor's basic financial statements which include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements.

FINANCIAL HIGHLIGHTS:

The Assessor's assets exceeded its liabilities by \$48,802 (net assets) for the year ended December 31, 2005. This compares to the previous year when assets exceeded liabilities by \$103,884.

Total net assets are comprised of the following:

- (1) Capital assets of \$3,014 include property and equipment, net of accumulated depreciation.
- (2) Unrestricted net assets of \$45,788 represents amounts available to maintain the Assessor's continuing obligations to the citizens of Orleans Parish.

At the end of the current fiscal year, unreserved fund balance of the General Fund was \$45,788, or 20.1% of total General Fund current annual expenditures.

During 2005 legislation was enacted to change the means of funding the Board of Assessors, Parish of Orleans. For 2006 the Board of Assessors shall be funded annually no later than March first by the City of New Orleans with no less than two percent of the ad valorem taxes levied on property in the City of New Orleans and the Parish of Orleans. The funding shall produce in the initial year revenue equal to or greater than that which was received by the Board of Assessors for Orleans Parish from the City of New Orleans for the

FINANCIAL HIGHLIGHTS: (Continued)

previous year. The total amount of revenue received by the Board shall never be less than that received by the Board in the initial year. Based on the increase in funding the Board will proportionately increase the allocation of same to all District Assessor Office's. The Assessors will no longer receive funding from the Documentary Transaction Tax collected by the City. The following is a summary of total changes in funding expected by the Second District Assessors Office for the year ended December 31, 2006 as compared on December 31, 2005.

	<u>2005</u>	<u>2006</u>	<u>PERCENT INCREASE (DECREASE)</u>
Allotment From Board Of Assessors	\$111,124	\$211,176	
Documentary Transaction Tax	49,128	---	
State Revenue Sharing	<u>11,312</u>	<u>13,092</u>	
Total	<u>\$171,564</u>	<u>\$224,268</u>	<u>30.7%</u>

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS:

The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The Assessor also includes in this report additional information to supplement the basic financial statements, such as required supplementary information. Comparative data is presented when available.

Government-wide Financial Statements:

The Assessor's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Assessor's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the Assessor's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Assessor as a whole is improving or deteriorating. Evaluation of the overall health of the Assessor would extend to other non-financial factors such as diversification of the taxpayer base, in addition to the financial information provided in this report.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS: (Continued)

Government-wide Financial Statements: (Continued)

The second government-wide statement is the Statement of Activities, which reports how the Assessor's net assets changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Assessor's distinct activities or functions on revenues provided by the Assessor's taxpayers.

The government-wide financial statements are presented in Exhibit "A" and Exhibit "B" of this report.

Fund Financial Statements:

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Assessor used a single fund to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Assessor's only fund, the general fund.

The Assessor uses only one fund type:

Governmental funds are reported in the fund financial statements and encompasses essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Assessor's governmental funds. These statements report short-term accountability focusing on the use of spendable resources available at the end of the fiscal year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented in Exhibit "C" through Exhibit "F".

Notes To The Financial Statements:

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements as titled in the Index.

FINANCIAL ANALYSIS OF THE PARISH ASSESSOR AS A WHOLE:

The Assessor's net assets at fiscal year-end are \$48,802. The following table provides a summary of the Assessor's net assets:

	<u>Summary Of Net Assets</u>			
	<u>DECEMBER 31, 2004</u>		<u>DECEMBER 31, 2005</u>	
	<u>GOVERNMENTAL ACTIVITIES</u>	<u>PERCENTAGE OF TOTAL</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>PERCENTAGE OF TOTAL</u>
Assets:				
Current Assets	\$100,517	96%	\$ 58,917	95%
Capital Assets, Net Of Accumulated Depreciation	<u>4,019</u>	<u>4%</u>	<u>3,014</u>	<u>5%</u>
Total Assets	<u>\$104,536</u>	<u>100%</u>	<u>\$ 61,931</u>	<u>100%</u>
Liabilities:				
Current Liabilities	<u>\$ 652</u>	<u>100%</u>	<u>\$ 13,129</u>	<u>100%</u>
Net Assets:				
Investment In Capital Assets	\$ 4,019	4%	\$ 3,014	95%
Unrestricted	<u>99,865</u>	<u>96%</u>	<u>45,788</u>	<u>5%</u>
Total Net Assets	<u>\$103,884</u>	<u>100%</u>	<u>\$ 48,802</u>	<u>100%</u>

The Assessor maintains a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 4.5 to 1. This ratio is strong.

The Assessor reported a positive balance in net assets for its governmental activities. Note that approximately 5% of the governmental activities' net assets are tied up in capital assets. The Assessor uses these capital assets to provide services to its citizens.

The following data is presented on the accrual basis of accounting which means that all costs are presented, however, the purchase of capital assets is not included but depreciation on the capital assets is included.

The following table provides a summary of the Assessor's changes in net assets:

FINANCIAL ANALYSIS OF THE PARISH ASSESSOR AS A WHOLE: (Continued)

Summary Of Net Assets

	<u>DECEMBER 31, 2004</u>		<u>DECEMBER 31, 2005</u>	
	<u>GOVERNMENTAL</u>	<u>PERCENTAGE</u>	<u>GOVERNMENTAL</u>	<u>PERCENTAGE</u>
	<u>ACTIVITIES</u>	<u>OF TOTAL</u>	<u>ACTIVITIES</u>	<u>OF TOTAL</u>
Revenue:				
Compensation From Taxing Bodies	\$211,172	98.7%	\$171,564	98.8%
Charges For Services	2,167	1.0%	1,452	.9%
Interest And Investment Earnings	553	.3%	595	.3%
Total Revenue	<u>\$213,892</u>	<u>100.0%</u>	<u>\$173,611</u>	<u>100.0%</u>
Expenditures:				
Personal Services And Related Benefits	\$199,095	83.6%	\$191,754	84.2%
Materials And Supplies	2,277	1.0%	2,581	1.1%
Others Services And Charges	17,693	7.4%	19,154	8.4%
Travel And Other Charges	2,320	1.0%	2,742	1.2%
Miscellaneous	11,623	4.9%	11,457	5.1%
Capital Outlay	5,024	2.1%	---	-.%
Total Expenses	<u>\$238,032</u>	<u>100.0%</u>	<u>\$227,688</u>	<u>100.0%</u>
Change In Net Assets	(\$ 24,140)		(\$ 54,077)	
Beginning Net Assets	<u>124,005</u>		<u>99,865</u>	
Ending Net Assets	<u>\$ 99,865</u>		<u>\$ 45,788</u>	

GOVERNMENTAL REVENUE:

The Assessor is heavily reliant on property taxes allocated to the Second Municipal District Assessor to support its operations. Allocations to the Assessor provided 98.8% of the Assessors total revenues. Because of the Assessor's positive financial position, cash has been invested and resulted in \$595 of interest earnings used to support activities of the Assessor's office. Also, note that charges for services cover less than 1% of governmental operating expenses. This means that property taxes allocated from taxpayers fund almost 100% of the Assessor's activities. As a result, the general economy and local businesses have a major impact on the Assessor's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES:

Since the Assessor's operations are staff oriented, over 84% of the budget is used for employee salaries and benefits. Other services and materials and supplies make up the other 16% of total expenses.

FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND:

The General Fund is the Assessor's operating fund and the source of day to day operations. As discussed the General Fund is reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. The data presented in the fund financial statements is presented on the modified accrual basis. This means that capital assets purchased during the year are reported as expenditures and no depreciation on these capital assets is reported as expenditure in the same year.

The total ending general fund balance is \$45,788 a decrease of \$54,077 or 54% over the prior year. This decrease is primarily the result of the events and programs described within the analysis of the Assessors activities described above. Other key factors contributing to this change were Documentary Transaction Tax revenues did not meet expectations and there were no special allotments made during 2005. As described in the Financial Highlights the Assessor's Office will have a new funding method in 2006, however the Assessor will have to continue efforts to control operating costs. The total General Fund Balance is unreserved indicating availability for continued Assessor service requirements.

The following is a summary of allocations made to the Second District Assessor which comprised revenue from taxing bodies:

	<u>2004</u>	<u>2005</u>	<u>PERCENT INCREASE (DECREASE)</u>
Compensation From Taxing Bodies:			
Allotment From Board Of Assessors	\$111,124	\$111,124	0%
Special Allotment From Board Of Assessors	15,000	---	(100%)
Documentary Transaction Tax	71,439	49,128	(31%)
State Revenue Sharing	<u>13,609</u>	<u>11,312</u>	(16%)
Total	<u>\$211,172</u>	<u>\$171,564</u>	(19%)

Salaries and benefits dropped from \$199,095 in 2004 to \$191,754 in 2005, which represents a 3.6% decrease in total salary and benefit cost. Although the cost of group insurance and employer pension contributions continue to increase, the Assessor has made staffing changes to reduce these expenses and still maintain quality services to the taxpayers.

FINANCIAL ANALYSIS OF THE ASSESSOR'S GENERAL FUND: (Continued)

The General Fund ending balance is considered adequate, representing the equivalent of 20.1% of annual expenditures. Although adequate, it is necessary for the Assessor to maintain a strong financial position in order to cover cash flow needs and any deficits that might occur in the future as a result of the further reduction in revenues or increase in unforeseen costs. The Assessor finances operations on a "pay as you go" system; therefore there is no outstanding long-term debt for capital purposes.

BUDGETARY HIGHLIGHTS:

The General Fund - Both the General Fund's original budget and 2005 actual expenditures were more than the actual amounts reported in calendar year 2004. This increase relates to the increase costs of employee benefits and other services and charges.

CAPITAL ASSETS AND DEBT ADMINISTRATION:

Capital Assets:

The Assessor's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2005 was \$3,014. In 2005 depreciation expense amounted to \$1,005. The following table provides a summary of capital asset activity.

	<u>Capital Assets</u>	
	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2005</u>
Depreciable Assets:		
Furniture And Equipment	\$ 22,449	\$ 22,449
Less Accumulated Depreciation	<u>18,430</u>	<u>19,435</u>
Book Value - Depreciable Assets	<u>\$ 4,019</u>	<u>\$ 3,014</u>

Book Value of capital assets decreased \$1,005 during the current year. As indicated above, the Assessor replaced its assets at a rate less than that at which they were depreciating assets.

At December 31, 2005 the depreciable assets available for governmental activities were 86.5% depreciated. The total percentage of depreciated capital assets is quite high, which means that additional resources will be required to replace these capital assets in the future.

Long-Term Debt:

At December 31, 2005 the Assessor had no long-term debt outstanding. The Assessor may issue general obligation debt to meet its capital needs but has elected to fund these costs on a "pay-as-you-go" basis. Financing capital on a current basis eliminates the deferral of capital costs to future periods.

CONTACTING THE ASSESSOR'S FINANCIAL MANAGEMENT:

This financial report is designed to provide a general overview of the Assessors finances, comply with finance-related laws and regulation, and demonstrate the Assessor's commitment to public accountability. If you have any questions about the contents of this report or would like to request additional information, please contact the Second Municipal District Assessors, Parish Of Orleans, New Orleans, Louisiana at 4E01 City Hall, 1300 Perdido Street, New Orleans, Louisiana 70112.

Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

Exhibit "A"

STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS:

Cash And Cash Equivalents	\$ 33,098
Investments	10,326
Allotment And Fees Receivable	1,883
Prepaid Expenses	13,610
Capital Assets, Net Of Accumulated Depreciation	<u>3,014</u>
 Total Assets	 <u>\$ 61,931</u>

LIABILITIES:

Accounts Payable	\$ <u>13,129</u>
 Total Liabilities	 <u>\$ 13,129</u>

NET ASSETS:

Investment In Capital Assets	\$ 3,014
Net Assets Unreserved, Undesignated	<u>45,788</u>
 Total Net Assets	 <u>\$ 48,802</u>

See Accompanying Notes And Accountant's Report

Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

Exhibit "B"

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>EXPENSES</u>	<u>PROGRAM REVENUES CHARGES FOR SERVICES</u>	<u>NET (EXPENSE) REVENUES AND CHANGES IN NET ASSETS</u> <u>GOVERNMENTAL ACTIVITIES</u>
<u>Governmental Activities:</u>			
General Government	<u>\$351,560</u>	<u>\$ 1,452</u>	<u>(\$350,108)</u>
General Revenues			
Compensation From Taxing Bodies			<u>\$294,431</u>
Interest And Investment Earnings			<u>595</u>
Total General Revenues			<u>\$295,026</u>
Changes In Net Assets			<u>(\$ 55,082)</u>
Net Assets - January 1, 2005			<u>103,884</u>
Net Assets - December 31, 2005			<u>\$ 48,802</u>

See Accompanying Notes And Accountant's Report

Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

Exhibit "C"

BALANCE SHEET - GOVERNMENTAL FUND
DECEMBER 31, 2005

ASSETS:

Assets:	
Cash And Cash Equivalents	\$ 33,098
Investments	10,326
Allotment And Fees Receivable	1,883
Prepaid Expenses	<u>13,610</u>
Total Assets	<u>\$ 58,917</u>

LIABILITIES, NET ASSETS AND OTHER CREDITS:

Liabilities:	
Accounts Payable	\$ 13,129

NET ASSETS:

Net Assets:	
Unreserved, Undesignated	<u>45,788</u>

Total Liabilities, Net Assets	<u>\$ 58,917</u>
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See Accompanying Notes And Accountant's Report

Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

Exhibit "D"

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

Total Net Assets For The Governmental Fund At December 31, 2005	\$ 45,788
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Total Net Assets Reported For Governmental Activities
In The Statement Of Net Assets Is Different Because:

Capital Assets Used In Governmental Activities Are Not
Financial Resources And, Therefore, Are Not Reported
In The Funds. Those Assets Consist Of:

Vehicles, Furniture And Equipment, Net Of \$2,010 Accumulated Depreciation	<u>3,014</u>
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Total Net Assets Of Governmental Activities At December 31, 2005	<u>\$ 48,802</u>
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See Accompanying Notes And Accountant's Report

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUE:

Intergovernmental Revenues:	
Compensation From Taxing Bodies	\$171,564
Charges For Services	1,452
On-Behalf Payments	122,867
Interest And Investment Earnings	<u>595</u>
 Total Revenue	 <u>\$296,478</u>

EXPENDITURES:

General Government:	
Current:	
Personal Services And	
Related Benefits	\$314,621
Materials And Supplies	2,581
Other Services And Charges	19,154
Travel And Other Charges	2,742
Miscellaneous	<u>11,457</u>
 Total Expenditures	 <u>\$350,555</u>

EXCESS (DEFICIENCY) OF <u>REVENUE OVER EXPENDITURES</u>	(\$ 54,077)
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<u>FUND BALANCE AT BEGINNING OF YEAR</u>	<u>99,865</u>
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<u>FUND BALANCE AT END OF YEAR</u>	<u>\$ 45,788</u>
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Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

Exhibit "F"

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2005

Total Net Changes in Fund Balance At December 31, 2005
Per Statement Of Revenue, Expenditures And
Changes In Fund Balances (\$ 54,077)

The Change In Net Assets Reported For The Governmental Activities
In The Statement Of Activities Is Different Because:

Add: Capital Outlay Costs Which Are Considered As Expenditures
On Statement Of Revenue, Expenditures And Changes In
Fund Balances, Assets Consist Of: ---

Less: Depreciation Expense For The Year Ended December 31, 2005 (1,005)

Total Net Changes In Fund Balance Of Governmental
Activities At December 31, 2005 (\$ 55,082)

See Accompanying Notes And Accountant's Report

STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS	ACTUAL AMOUNTS	BUDGET TO GAAP DIFFERENCES	ACTUAL AMOUNT GAAP BASIS	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	OVER (UNDER)		
REVENUE:					
Intergovernmental Revenues:					
Compensation From Taxing Bodies	\$234,500	\$234,500	\$ ---	\$171,564	(\$ 62,936)
Charges For Services	---	---	---	1,452	1,452
On-Behalf Payments	---	---	122,867(1)	122,867	---
Interest And Investment Earnings	500	500	---	595	95
Total Revenue	\$235,000	\$235,000	\$122,867	\$296,478	(\$ 61,389)
EXPENDITURES:					
Current:					
Personal Service And Related Benefits	\$200,000	\$200,000	(\$122,867)(1)	\$314,621	\$ 8,246
Materials And Supplies	2,500	2,500	---	2,581	(81)
Other Services And Charges	18,000	18,000	---	19,154	(1,154)
Travel And Other Charges	2,500	2,500	---	2,742	(242)
Miscellaneous	12,000	12,000	---	11,457	543
Depreciation	---	---	(1,005)(2)	1,005	---
Capital Outlay	---	---	---	---	---
Total Expenditures	\$235,000	\$235,000	(\$123,872)	\$351,560	\$ 7,312
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ ---	\$ ---	(\$ 1,005)	(\$ 55,082)	(\$ 54,077)
FUND BALANCE AT BEGINNING OF YEAR	103,884	103,884	---	103,884	---
FUND BALANCE AT END OF YEAR	\$103,884	\$103,884	(\$ 1,005)	\$ 48,802	(\$ 54,077)
EXPLANATION OF DIFFERENCES:					
(1) On-Behalf Payments For Fringe Benefits And Salaries Are Not Recognized For Budget Purposes. However, These Payments For Pension Plan Contributions, Employee Health, Life And Supplemental Insurance Premiums Are Recognized For (GAAP) Purposes.					\$ ---
(2) Capital Assets Are Recognized For Budget Purposes When Purchased. Under (GAAP) Such Capital Assets And Depreciation Is Recognized Over The Life Of The Assets, As Well As Any Loss On Disposal.					(1,005)
Net (Decrease) In Fund Balance - Budget To GAAP					(\$ 1,005)

See Accountant's Report

Second Municipal District Assessor
Parish Of Orleans
New Orleans, Louisiana

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES:

INTRODUCTION:

As provided by Article VII, Section 24 of the Louisiana Constitution of 1974, there shall be seven district assessors in New Orleans who shall compose the Board Of Assessors for Orleans Parish. One Assessor shall be elected from each municipal district of New Orleans to serve a four year term. Each district assessor shall be a resident of the district from which he is elected.

All assessor offices are located on the 4th floor of the Orleans Parish City Hall, 1300 Perdido Street in New Orleans, Louisiana. Louisiana Revised Statute (R.S.) 47:1909 states that the governing authority of the city of New Orleans shall provide suitable rooms in the city hall for the use of the assessor of each municipal district and for the use of the board of assessors. Therefore, the upkeep and maintenance costs of the assessors' offices are not included in the accompanying financial statements.

The Board of Assessors, Parish of Orleans (board), comprised of the seven Orleans Parish assessors, is the administrative body for the Orleans Parish assessors and their seven municipal districts. R.S. 47:1909 provides that the assessors elected in the Parish of Orleans shall constitute a board of assessors for the parish and each assessor shall independently exercise his functions in the assessing and listing of the property in and for his respective district within the parish.

The assessor assesses all real and movable property in his municipal district subject to ad valorem taxation. The assessor is authorized to appoint as many deputies as may be necessary for the efficient operation of the office and to provide assistance to the taxpayers in his district. The deputies are authorized to perform all functions of the office, but the assessor is officially and pecuniarily responsible for the actions of the deputies. The assessor employs five (5) employees, including two (2) deputies.

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In accordance with Louisiana law, the assessor bases real and movable property assessments on conditions existing on January 1 of the tax year. The assessor completes an assessment listing by May 1 of the tax year and submits the list to the parish governing authority and the Louisiana Tax Commission, as prescribed by law. Once the assessment listing is approved, the assessor submits the assessment roll to the parish tax collector, who is responsible for collecting and distributing taxes to the various taxing bodies.

The board's primary revenue is ad valorem taxes collected by the New Orleans Department of Finance - Bureau of Treasury (city tax collector) from the assessment tax rolls of the parish. The seven Orleans Parish assessors receive an allotment from the board on a pro-rata basis for operation of their offices. The remaining funds of the board are used to pay the assessors' salaries and fringe benefits and administrative expenses of the board.

At December 31, 2005, real property and movable property assessments totaled \$332,930,370 and \$59,536,833, respectively. This represents an increase of \$24,207,948 in the total value of assessments. The increase in total tax assessments was caused primarily by the increasing value of real property assessments in the district during the year.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A) BASIS OF PRESENTATION:

The accompanying basic financial statements of the Second Municipal District Assessor, Parish Of Orleans, have been prepared in conformity with governmental accounting principles generally accepted in the United States Of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999.

B) REPORTING ENTITY:

As the governing authority of the parish, for reporting purposes, the City Of New Orleans is the financial reporting entity for Orleans Parish. The financial reporting entity consists of (a) the primary government the (City Of New Orleans), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City Of New Orleans for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

B) REPORTING ENTITY: (Continued)

- a. The ability of the City to impose its will on that organization and/or,
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the City does not appoint the Assessor, does not provide funding (other than the use of facilities), or have control over the Assessor, the Assessor has determined that the office is not a component unit of the City of New Orleans. The accompanying financial statements present information only on the funds maintained by the Assessor and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity of the City of New Orleans.

C) FUND ACCOUNTING:

The Assessor's Office uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental funds account for all or most of the Assessor's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance.

In general, fund balance represents the accumulated expendable resources, which may be used to finance future period programs or operations of the Assessor. The following are the Assessor's governmental funds:

General Fund. The General Fund, (known as the Assessor's Salary and Expense Fund) is the principal fund of the Assessor and accounts for the operation of the Assessor's office. Compensation received from the various taxing bodies, prescribed by formula, is accounted for in this fund. General operating expenditures are paid from this fund.

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

D) MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets (Exhibit "A") and Statement of Activities (Exhibit "B") display information about the Assessor's office as a whole. These statements include all the financial activities of the Assessor's office. Information contained in these statements reflect the economic resources measurement focus and the accrual basis of accounting.

Program Revenues. Program revenues included in the Statement of Activities (Exhibit "B") are derived directly from users as a fee for services; program revenues reduce the cost of the function to be financed from the Assessor's office general revenues.

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Fund Statements (Exhibit "C" and Exhibit "D") are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenue, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the Assessor's office operations.

The amounts reflected in the Governmental Fund Statements (Exhibit "C" and Exhibit "D") use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Assessor considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred. The governmental funds use the following practices in recording revenues and expenditures:

Revenues. Allocation of tax revenue from the Board Of Assessors is recognized in the period for which they are received in cash. Interest revenue is recognized when earned.

Expenditures. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

E) BUDGET PRACTICES:

Included in the annual budget of the Second Municipal District Assessor, Parish Of Orleans, proposed expenditures for the year ending December 31, 2005 were less than \$250,000 and, therefore, public inspection privileges and public hearings do not apply. However, the budget is available for public inspection at the Assessor's Office.

Formal budgetary integration is not employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the originally adopted budgeted amounts. The budget is adopted on the cash basis, therefore, adjustments were made on Exhibit "G" for comparison purposes to the budgeted amounts.

The Assessor utilizes the traditional budget preparation method of budgeting for his financial plan. Revenues projected for the year ended December 31, 2005 were estimated based on millage collections allocated to the Board Of Assessors. A portion of these revenues is allocated to the Second Municipal District for its salary and expense fund. Expenditures of prior year are considered when preparing the budget for the current year.

Unused appropriations for all budgeted funds lapse at year end.

F) CASH AND CASH EQUIVALENTS:

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. The Assessor's Office considers all highly liquid debt instruments, time deposits and those investments with original maturities of 90 days or less to be cash equivalents. Under state law, the assessor may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States or under the laws of the United States.

Investments are limited by Louisiana Revised Statute (R. S.) 33:2955 and include certificates of deposit and Louisiana Asset Management Pool which is authorized under Louisiana Revised Statute 33:1321. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are reported at market value. Interest is accrued as earned.

G) CAPITAL ASSETS:

Capital assets are capitalized at historical cost. The Assessor maintains a threshold level of \$1,000 or more for capitalizing capital assets. Capital assets are recorded in the Statement of Net Assets and Statement of Activities. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

NOTE 1 - INTRODUCTION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES: (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

G) CAPITAL ASSETS: (Continued)

<u>Description</u>	<u>Estimated Lives</u>
Furniture And Equipment	5

H) COMPENSATED ABSENCES:

Employees of the Assessor are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Assessor's policy is to recognize the costs of compensated absences when actually paid to employees.

I) ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - LEVIED TAXES:

The following is a summary of authorized and levied property taxes:

	<u>AUTHORIZED MILLAGE</u>	<u>LEVIED MILLAGE</u>
Assessor's Salary And Expense Fund	<u>1.19</u>	<u>1.19</u>

NOTE 3 - CASH AND CASH EQUIVALENTS:

The following is a summary of cash and cash equivalents at December 31, 2005 and related collateral in the form of federal deposit insurance (GASB Category 1).

Cash And Cash Equivalents:

Demand Deposits - Bank One, Louisiana, NA	<u>\$ 33,098</u>
---	------------------

NOTE 3 - CASH AND CASH EQUIVALENTS: (Continued)

Collateral:

Federal Deposit Insurance	<u>\$100,000</u>
---------------------------	------------------

Uninsured Balance	<u>\$ ---</u>
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These deposits are stated at cost which approximates market. Under State law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a custodial bank that is mutually acceptable to both parties.

NOTE 4 - INVESTMENTS:

Investments include amounts in interest-bearing securities invested with the Louisiana Asset Management Pool (LAMP), a local government investment pool, which are stated at cost. In accordance with GASB Codification Section I50.165, the investment in LAMP is not categorized into the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide professional organizations. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is

NOTE 4 - INVESTMENTS: (Continued)

designed to be highly liquid to give its participants immediate access to their account balances. Under state law, the Assessor may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At December 31, 2005, the Second Municipal District Assessor, held investments totaling \$10,326 as follows:

	<u>CARRYING AMOUNT</u>	<u>MARKET VALUE</u>
Louisiana Asset Management Pool	<u>\$10,326</u>	<u>\$10,326</u>

The investments are in the name of the Second Municipal District Assessor and are held at the Assessor's office.

NOTE 5 - CAPITAL ASSETS:

Capital assets and depreciation activity as of and for the year ended December 31, 2005, is as follows:

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BALANCE JANUARY 1, 2005</u>	<u>ADDITIONS</u>	<u>(DELETIONS)</u>	<u>BALANCE DECEMBER 31, 2005</u>
Furniture And Equipment	\$22,449	\$ ---	\$ ---	\$22,449
Less Accumulated Depreciation: Furniture And Equipment	<u>18,430</u>	<u>1,005</u>	<u>---</u>	<u>19,435</u>
Capital Assets, Net	<u>\$ 4,019</u>	<u>\$ 1,005</u>	<u>\$ ---</u>	<u>\$ 3,014</u>

NOTE 6 - RISK MANAGEMENT:

The Assessor's Office is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Assessor's Office is covered by commercial insurance carried by the Board of Assessors. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 7 - OPERATING LEASES:

The Assessor leases certain automotive equipment under an operating lease agreement. The lease expires in July 2008. The following is a schedule of future minimum lease payments by year as of December 31, 2005.

	<u>AMOUNT</u>
2006	\$ 5,444
2007	5,444
2008	<u>2,722</u>
Total	<u>\$13,610</u>

Total rent expense under operating leases for the year ended December 31, 2005 amounted to \$5,444.

NOTE 8 - PENSION PLAN:

Plan Description:

Substantially all employees of the Second Municipal District Assessor are members of the Louisiana Assessors Retirement System (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees.

All full-time employees who are under the age of 60 at the time of original employment and that who are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the System. Employees who retire at or after age 55 with at least 12 years of credited service or who retire at or after age 50 with at least 30 years of credited service, are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of credited service not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and who do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Louisiana Assessors' Retirement System, Post Office Box 14699, Baton Rouge, Louisiana 70898, or by calling (225)928-8886.

Funding Policy:

Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the Second Municipal District Assessor is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. Contributions to the System also include one percent of the taxes shown to be collectible by the tax rolls of each parish, plus revenue sharing funds appropriated by the legislature. The contribution requirements of plan members and the Second Municipal District Assessor, are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior

NOTE 8 - PENSION PLAN: (Continued)

Funding Policy: (Continued)

fiscal year. The Second Municipal District Assessor's contributions to the System for the years ending December 31, 2005, 2004 and 2003, were \$17,347, 17,230 and \$16,893, respectively, equal to the required contributions for each year.

NOTE 9 - POST RETIREMENT COMMITMENTS:

The Assessor's Office provides certain health care and life insurance benefits for retired employees. Substantially all of the Assessor's office employees may become eligible for those benefits if they reach normal retirement age while working for the Office. The cost of the retiree health care and life insurance benefits is recognized as expenditures as monthly premiums are paid. For 2005, those costs totaled \$1,023. The number of retiree's currently receiving benefits is 2.

NOTE 10 - ON-BEHALF PAYMENTS FOR FRINGE BENEFIT AND SALARIES:

On-behalf payments for fringe benefits and salaries totaled \$122,867 for the year. The Assessor's salary of \$87,740 was paid directly to the Assessor from the board. In addition, the board paid fringe benefits totaling \$35,127 on-behalf of the Assessor. On-behalf payments are reported as revenue (on-behalf payments) and expenditures (personal services and related benefits) in Exhibit "g".

Certain operating expenditures of the Assessor's office are paid by the City of New Orleans and are not included in the accompanying financial statements. These operating expenditures include office space, utilities, telephones, and janitorial services.

**PEPPERMAN, EMBOULAS, SCHWARTZ & TODARO
L.L.C.**

S. IRVIN TODARO
WILLIAM C. ABADIE, JR.
JAMES M. KOLWE
LUCILLE M. HESS
WAYNE J. BABIN, JR.

ROBERT W. THERIOT

CERTIFIED PUBLIC ACCOUNTANTS
1815 CLEARVIEW PARKWAY
METAIRIE, LA 70001
TEL (504) 837-4555
FAX (504) 837-4551

JOHN F. HARTMAN (1890-1967)
WILLIAM G. ALY (1901-1995)
EUGENE F. MONNIER (1905-1985)
EMILE A. ALT (1910-1989)
JAMES J. GALLAGHER, JR. (1918-1989)
JACOB F. PEPPERMAN (1927-1990)
WILFRED SCHWARTZ, RETIRED
MICHAEL S. HOOK (1954-1997)
LAWRENCE A. EMBOULAS, RETIRED

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Claude T. Mauberret, Assessor

Second Municipal District Assessor

Parish Of Orleans

New Orleans, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of the Second Municipal District Assessor, Parish of Orleans, and the Legislative Auditor, State Of Louisiana, solely to assist the users in evaluating management's assertions about the Assessor's Office compliance with certain laws and regulations during the year ended December 31, 2005 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$20,000. Additionally, there were no expenditures made for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of the Assessor as defined by LSA-RS 42:1101-1124 (The code of ethics), and a list of outside business interests of the Assessor and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management (agreed-upon procedures "3") appeared on the list provided by management in agreed-upon procedure (2) except for Barbara D. Mauberret, employed as a chief clerk, who is listed as the mother of Claude T. Mauberret, Assessor. However, the Assessor is not in violation of LSA-RS 42:1119 in so far as Mrs. Mauberret is exempt from the provisions of this section because she was employed prior to the effective date of such provision.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the original budget. There were no amendments to the budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the letter from the Assessor dated December 13, 2004 which officially authorizes the implementation of the adopted budget of the Assessor's Office. No amendments were made to the budget during the year.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

We compared revenues and expenditures of the final budget to actual revenues and expenditures. As stated in the Summary of Significant Accounting Policies, the Assessors does not use formal budgetary integration as a management control device during the year. Therefore budget figures are original amounts without amendment.

Actual revenues that failed to meet budgeted amounts by more than 5% are as follows;

	(Unfavorable) <u>Variance</u>
Compensation From Taxing Bodies	(26.8%)
Interest And Investment Earnings	(19.0%)

The unfavorable variance in Compensation From Taxing Bodies is due to a decline in Documentary Transaction Tax collected during the year. This decline is a result of the decrease in the number of real estate transfers made during the year and could not have been anticipated at the time of budget preparation.

The unfavorable variance in Interest And Investment Earnings is due to the decline in interest rates, the extent to which could not be anticipated at the time of budget preparation.

Actual expenditures that exceeded budgeted amounts by more than 5% are as follows:

	<u>(Unfavorable) Variance</u>
Other Services and Charges	(6.4%)
Travel And Other Charges	(9.7%)

These unfavorable variances are due to unforeseen increases in the cost of gasoline, postage, printing and travel not anticipated at the time of budget preparation.

Accounting And Reporting

8. Randomly select six (6) disbursements made during the period under examination and:

- (a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six (6) selected disbursements and found that payment was for the proper amount and made to the correct payee.

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

We examined supporting documentation for each of the six selected disbursements and found that all were properly coded to the correct fund and general ledger account.

- (c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the chief clerk and the Assessor.

Meetings

9. Examine evidence indicating that agendas for meetings were posted or advertised as required by LSA-RS 42:12 (the open meetings law).

The Second Municipal District Assessor's Office is comprised of the Assessor, an independently elected official and his employees. The Assessor's Office provides an administrative

function only and held no meetings to deliberate or act upon policy making decisions. Management has asserted that the Assessor's Office has complied with the provisions of the open meetings law, however, our inquiry indicated that there were no meetings held, as the public body subject to the open meetings law consists of the Assessor alone.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

We inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

Our prior year report dated June 20, 2005 did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Second Municipal District Assessor, Parish of Orleans, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Peggyman, Embrey, Schwartz & Todor, L.L.C.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
June 30, 2006 (Date Transmitted)

Pepperman, Emboulas, Schwartz & Todaro, LLC
1815 Clearview Parkway
Metairie, LA 70001

(Auditors)

In connection with your review of our financial statements as of December 31, 2005 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 30, 2006.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [X] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [X] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [X] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [X] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [X] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [X] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [X] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [X] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana

Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [X] No []

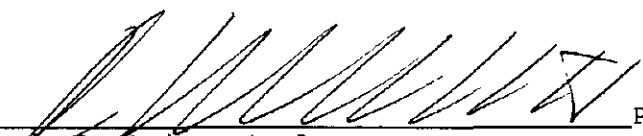
Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [X] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.



Claude T. Mauberret, Assessor

President _____ June 30, 2006 _____ Date

Second Municipal District Assessor
Parish of Orleans
New Orleans, Louisiana

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005

COMPLIANCE WITH THE LAWS AND REGULATIONS

Reference Number: 2005-01

Fiscal Year Finding Initially Occurred: December 31, 2005

Description of Findings:

Budget Amendment - During our review we noted that total actual revenues failed to meet budgeted revenues by 5% or more and actual expenditures exceeded budgeted amounts by 5% or more. As stated in the Summary of Significant Accounting Policies, the Assessor does not use formal budgetary integration as a management control device during the year. Therefore budget figures are original amounts without amendment. Louisiana Revised Statute 39:1310 requires that the governing body amend its budget when total actual expenditures exceed total budgeted expenditures by 5% or more.

Corrective Action Taken (Yes, No, Partially): No

Planned Corrective Action/Correction Action Taken:

We recommend that the Assessor monitor its budget on a monthly basis so that variances can be identified on a more timely basis. Once unfavorable variances are identified the Assessor should amend its budget in order to comply with state budget laws.

Management's Response:

We concur with the above findings and recommendations.

Second Municipal District Assessor
Parish of Orleans
New Orleans, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2005

COMPLIANCE WITH LAWS AND REGULATIONS

Reference Number: 2004-01

None